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WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

August 16, 1943

SPECIAL COMMODITIES BRANCH MEMORANDUM NO. 3

Supplement I

To: All Divisions and Sections, Special Commodities Branch
From: H. C. Albin, Chief, Special Commodities Branch
Subject: Carrying Charges

With reference to Condition 6 of Form FDA 474 "Standard Contract Conditions", the following authorization has been received by letter from Joseph B. Hyman, Chief Counsel, Export-Import Price Control, Office of Price Administration:

"The sales to procurement agencies of the United States for the account of the Office of Lend-Lease Administration are governed by Section 1 of the 2nd Revised Maximum Export Price Regulation. On such sales the supplier may charge in addition to the maximum domestic price applicable to the transaction and the cost of extra packing as determined under Supplementary Order No. 34 of the Office of Price Administration, the difference between the greater cost of services performed on the lend-lease sale and those which would have been involved on a similar domestic sale. In short, the supplier may charge, and a procurement agency may pay, for the cost of extra service made necessary by the export character of the transaction.

Sales to persons buying for their own account a commodity for shipment outside the United States are governed by Section 2 of the 2nd Revised Maximum Export Price Regulation. As on sales to procurement agencies for the account of the Office of Lend-Lease Administration, parties to such transactions may pay for the extra services made necessary by the "export" character of the business.

The Office of Price Administration, consequently, can have no objection to the payment by the Federal Surplus Commodities Corporation of extra storage and general carrying charges incurred by its suppliers on sales to the Corporation on behalf of the Office of Lend-Lease Administration or for shipment abroad for some other account. Since there are apparently, certain purchases which are not covered either by Sections 1 or 2 of the 2d Revised Maximum Export Price Regulation, the payment of extra amounts must be limited

to that proportion of the goods purchased which are intended for shipment abroad.

The extra payments must be limited to the cost of the extra services performed by the supplier, though the use of percentages and estimates is permissible so long as they approximate the cost as closely as may practicably be done. It is assumed that the payment of extra amounts to cover extra costs will be made only in good faith, and that a delivery date will not be stipulated in the contracts between the Federal Surplus Commodities Corporation and its suppliers at a period earlier than that for which the Corporation desires or expects actually to take delivery."

J. H. Coallier

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